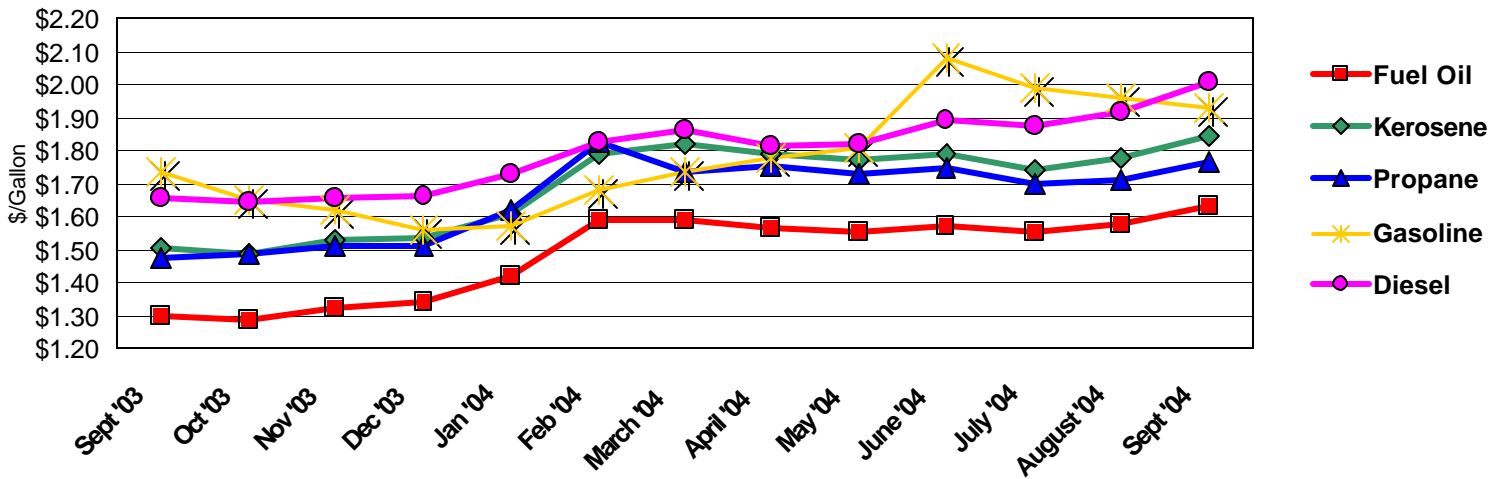


Vermont Fuel Price Report

September 2004

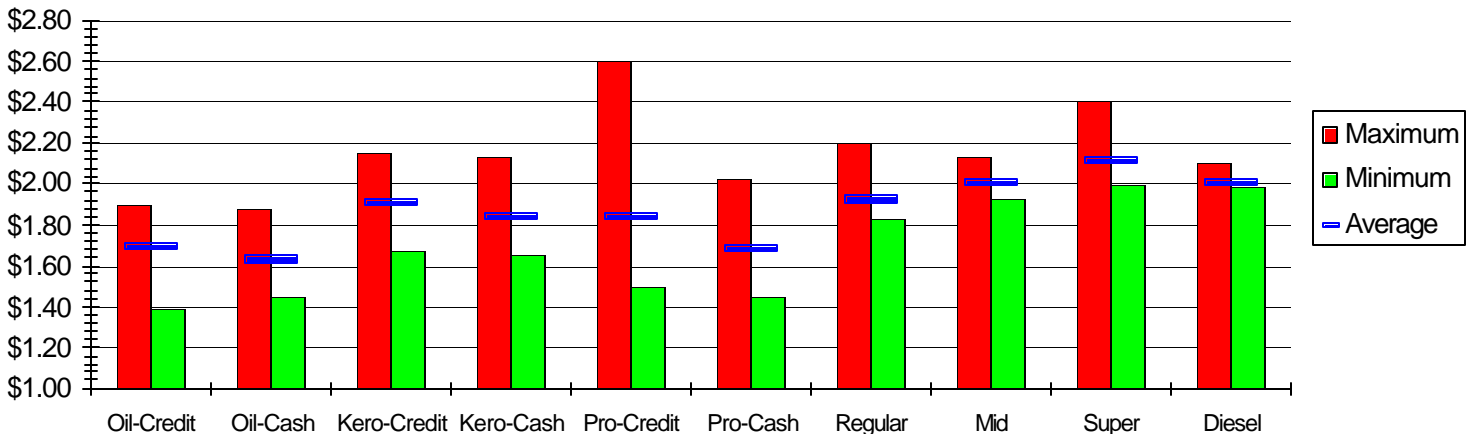
One-Year Price Trend



Average Retail Petroleum Prices (per gallon)

	Sept '04	August '04	%change	Sept '03	%change
No. 2 Fuel Oil	\$1.63	\$1.58	3.58%	\$1.30	25.71%
Kerosene	\$1.84	\$1.78	3.53%	\$1.50	22.55%
Propane	\$1.76	\$1.71	3.16%	\$1.47	19.60%
Reg. Unleaded Gasoline	\$1.92	\$1.96	-1.69%	\$1.73	11.01%
Diesel	\$2.01	\$1.91	4.92%	\$1.66	21.14%

Fuel Price Ranges in Vermont



Gasoline Update

The Energy Information Administration (EIA) projects a small reduction in the monthly average pump price for regular unleaded gasoline after Labor Day, and prices below \$1.80 per gallon by the end of the year. Additional information is available in their September *Short-Term Energy Outlook* at www.eia.doe.gov.

NOTE: The Vermont Fuel Price Report is published monthly by the Vermont Department of Public Service. Prices are collected on or about the first Monday of each month and unless otherwise indicated reflect dealer discounts for cash or self-service. For more information please contact Kelly Launder at 1-800-642-3281 or (802) 828-4039 or by email at kelly.launder@state.vt.us.

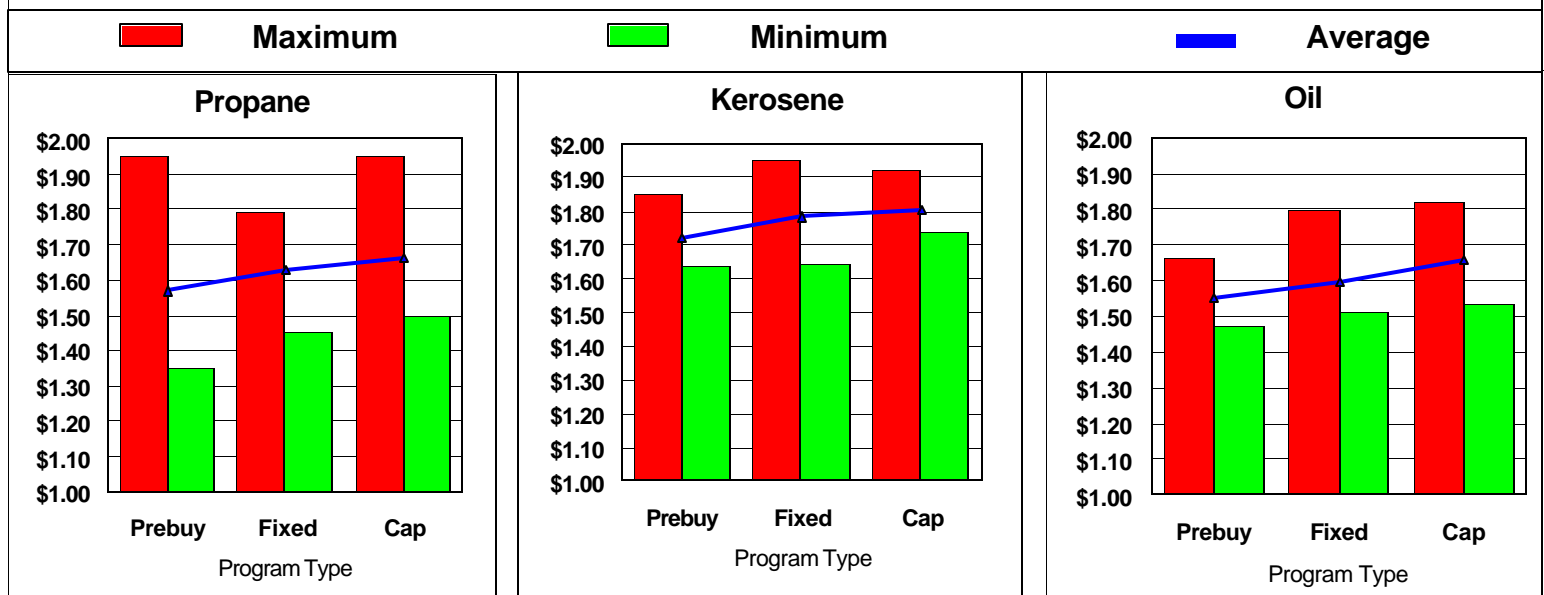
Price Protection Programs

Many fuel dealers offer their customers "price protection" programs. With "Pre-Buy" programs customers can purchase a specified volume of fuel at a discounted price by paying for the heating season's fuel in advance. In "Fixed Price" programs, a pre-determined price per unit is set for all of the fuel delivered during the heating season. In "Cap" programs, the fuel price will not exceed a pre-determined value, and may go down based on market conditions at time of delivery. Cap and Fixed Price programs may be part of "Budget" programs in which the customer agrees to make equal monthly payments, often for 10 to 12 months.

Generally pre-buy fuel is less expensive than fixed price and fixed price is less expensive than a capped price. The difference in the price is related to the exposure to uncertainty accepted by the fuel dealer and the customer. For example, capped programs protect customers against upward price movement and may provide some savings if the market price falls, thus the dealer purchases insurance for movement in either direction.

Price protection programs are beneficial for several reasons. First, they provide a degree of certainty. Customers make commitments to local dealers, who make commitments to their suppliers, who in turn make commitments to the refining industry. This chain of commitment reduces market volatility and increases the ability for market participants to efficiently schedule their resources. Secondly, individuals are better able to budget their finances and thus are not caught short during the middle or end of the heating season. Lastly, price protection programs typically save money for individual customers and most of the participants in the supply chain, as the costs of buying fuel at the current or "spot" price can add up quickly.

The charts below show the availability and price per gallon for price protection programs as of **September 9th**, from a representative sample (approximately 60) Vermont fuel dealers. Some dealers indicated that although they had offered programs, they were no longer available.



Dealers Offering Programs (%)

